

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-02

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 L-02 FEA-01 COME-00

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O R 081710Z MAY 75

FM AMEMBASSY QUITO

TO SECSTATE WASHDC IMMEDIATE 5479

INFO USIA WASHDC

AMEMBASSY CARACAS

UNCLAS QUITO 3179

E.O. 11652: N/A

TAGS: EINV, PFOR, EC, US

SUBJECT: GULF BRIBERY

REF: STATE 106684

1. THE STATEMENT BY GULF OIL CORP. CHAIRMAN OF THE BOARD R.B. DORSEY THAT ECUADOR AND VENEZUELA WERE NOT INVOLVED IN BRIBERY DREW HEAVY MEDIA COVERAGE BUT AS YET NO OFFICIAL REACTION. A GOE SPOKESMAN INDICATED THAT INVESTIGATIONS ORDERED MAY 7 WOULD CONTINUE DESPITE THE GULF ANNOUNCEMENT.

2. EL COMERCIO, LEADING QUITO DAILY, HEADLINED THE STORY AT THE TOP OF PAGE 1, "ECUADOR IS NOT INVOLVED IN GULF BRIBERY" OVER SEPARATE STORIES PUBLISHING THE TEXT OF THE LETTER FROM DORSEY TO PRESIDENT GUILLERMO RODRIGUEZ LARA AND COVERAGE OF A PRESS CONFERENCE HELD IN QUITO BY JUAN CHACIN, MANAGER OF THE ECUADOREAN GULF OIL CO. EL TIEMPO OF QUITO COMBINED COVERAGE UNDER A LARGE HEADLINE, "GULF DID NOT PAY BRIBES EITHER IN ECUADOR OR VENEZUELA."

3. CHACIN SAID IN THE PRESS CONFERENCE THAT THE SEC WAS CONDUCTING A SECRET INVESTIGATION OF GULF, ADDING THAT THE COMPANY UNCLASSIFIED

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DID NOT ORDINARILY USE SUCH METHODS, IS HIDING NOTHING IN ECUADOR

AND WANTS TO "PUT AN END TO SUCH PRACTICES." HE SAID GULF HAD PAID 10.3 MILLION DOLLARS IN CONTRIBUTIONS, GIFTS, ENTERTAINMENT AND OTHER EXPENSES RELATED TO POLITICAL ACTIVITIES WITHIN AND OUTSIDE OF THE UNITED STATES, BUT DEFENDED THEM AS LEGITIMATE EXPENDITURES WHICH COULD NOT BE INTERPRETED AS BRIBERY OF INDIVIDUAL OFFICIALS OF A FOREIGN GOVERNMENT IN RETURN FOR SPECIAL FAVORS. CHACIN, THE EL COMERCIO ARTICLE SAID, CLAIMED THAT PRESS CHARGES OF BRIBERY WERE THE RESULT OF AN UNFORTUNATE DISREGARD FOR THE CONFIDENTIALITY OF SECRET TESTIMONY HE (DORSEY) AND ANOTHER GULF OFFICIAL GAVE BEFORE THE GOVERNMENT OF THE UNITED STATES AND GULF NEVER INSINUATED IN THAT TESTIMONY OR AT OTHER TIME THAT VENEZUELA OR ECUADOR WERE INVOLVED." CHACIN SAID GULF WOULD TESTIFY PUBLICLY BEFORE CONGRESS MAY 16.

4. A GOVERNMENT SPOKESMAN WOULD NOT COMMENT DIRECTLY ON THE GULF STATEMENT, BUT INDICATED THAT AN INVESTIGATION ORDERED BY PRESIDENT RODRIGUEZ THROUGH THE MINISTRY OF NATURAL RESOURCES MAY 7 WOULD CONTINUE. HE INDICATED GULF WOULD BE ASKED TO CLARIFY THE CHARGES APPEARING IN THE INTERNATIONAL PRESS.

5. EL TIEMPO PUBLISHED THE FIRST MEDIA REACTION TO THE BRIBERY CHARGES TO APPEAR IN QUITO TODAY, IN AN EDITORIAL HEADLINED "LOGICAL REACTION TO ACCUSATION," AND AN EDITORIAL COLUMN BY A LOCAL BUSINESSMAN WRITING UNDER THE PSEUDONYM PABLO DE LA ENCINA HEADLINED "AN INDISPENSABLE INVESTIGATION." BOTH WERE WRITTEN BEFORE THE GULF STATEMENT WAS ISSUED.

6. EL TIEMPO SAID THE GULF EPISODE WAS MORE SIGNIFICANT BECAUSE OF THE UNITED BRANDS SCANDAL IN HONDURAS WHICH RESULTED "IN THE INEVITABLE FALL OF THE DICTATOR WHO DID NOT PERMIT THE EXAMINATION OF HIS BANK ACCOUNT..." THE EDITORIAL SAID THE INVESTIGATION HAD TO AVOID ACTS WHICH" APPEAR TO BE COVERT POLITICAL RETALIATIONS"

7. THE DE LA ENCINA COLUMN SAID PRIMARY RESPONSIBILITY FOR CLARIFICATION WAS GULF'S, BUT ADDED THAT SHOULD LOCAL OFFICIALS BE INVOLVED "THE GOVERNMENT WOULD HAVE TO PROCEED WITH THE MOST RIGOROUS SEVERITY, NO MATTER WHAT IMPORTANT PEOPLE WOULD BE TOPPLED."

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